

# House Study Bill 104

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED DEPARTMENT OF  
REVENUE BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the technical administration of the tax and  
2 related laws by the department of revenue, including  
3 administration of income taxes, sales and use taxes, fees for  
4 new vehicle registrations, and property taxes and including a  
5 retroactive applicability date provision.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

7 TLSB 1421XD 83

8 tw/mg:sc/24

PAG LIN

1 1 Section 1. Section 257.22, Code 2009, is amended to read  
1 2 as follows:

1 3 257.22 STATUTES APPLICABLE.

1 4 The director of revenue shall administer the instructional  
1 5 support income surtax imposed under this chapter, and sections  
1 6 ~~422.4~~, 422.20, 422.22 to 422.31, 422.68, ~~422.70~~, and 422.72 to  
1 7 422.75 shall apply with respect to administration of the  
1 8 instructional support income surtax.

1 9 Sec. 2. Section 321.105A, subsection 4, paragraph a, Code  
1 10 2009, is amended to read as follows:

1 11 a. The director of revenue in consultation with the  
1 12 department of transportation shall administer and enforce the  
1 13 fee for new registration as nearly as possible in conjunction  
1 14 with the administration and enforcement of the state use tax  
1 15 law, except that portion of the law which implements the  
1 16 streamlined sales and use tax agreement. ~~The director shall~~  
~~1 17 provide appropriate forms, or provide on the annual~~  
~~1 18 registration forms provided by the department of~~  
~~1 19 transportation, for reporting the fee for new registration~~  
~~1 20 liability.~~

1 21 Sec. 3. Section 321.105A, subsection 5, paragraph a, Code  
1 22 2009, is amended to read as follows:

1 23 a. A licensed vehicle dealer maintaining a place of  
1 24 business in this state who sells a vehicle subject to  
1 25 registration for use in this state shall collect the fee for  
1 26 new registration at the time of making the sale. A dealer  
1 27 required to collect the fee for new registration shall give to  
1 28 the purchaser a receipt for the fee ~~in the manner and form~~  
~~1 29 prescribed by the director collected.~~ Fees collected by a  
1 30 dealer under this section shall be forwarded to the county  
1 31 treasurer in the same manner as annual registration fees.

1 32 Sec. 4. Section 422.9, subsection 4, Code 2009, is amended  
1 33 to read as follows:

1 34 4. Where married persons file separately, both must use  
1 35 the optional standard deduction if either elects to use it,  
2 1 ~~and both must claim itemized deductions if either elects to~~  
2 2 ~~claim itemized deductions.~~

2 3 Sec. 5. Section 422.12K, subsection 2, Code 2009, is  
2 4 amended to read as follows:

2 5 2. The director of revenue shall draft the income tax form  
2 6 to allow the designation of contributions to the child abuse  
2 7 prevention program fund on the tax return. The department of  
2 8 revenue, on or before January 31, shall transfer the total  
2 9 amount designated on the tax return forms due in the preceding  
2 10 calendar year to the child abuse prevention program fund.  
2 11 However, before a checkoff pursuant to this section shall be  
2 12 permitted, all liabilities on the books of the department of  
2 13 ~~revenue administrative services~~ and accounts identified as  
2 14 owing under section ~~421.17~~ 8A.504 and the political  
2 15 contribution allowed under section 68A.601 shall be satisfied.

2 16 Sec. 6. Section 422.32, subsection 3, Code 2009, is

2 17 amended to read as follows:

2 18 3. "Commercial domicile" means the principal place from  
2 19 which the trade ~~of~~ or business of the taxpayer is directed or  
2 20 managed.

2 21 Sec. 7. Section 423.4, subsection 5, paragraphs b and f,  
2 22 Code 2009, are amended to read as follows:

2 23 b. The owner or operator of an automobile racetrack  
2 24 facility may apply to the department for a rebate of sales tax  
2 25 imposed and collected by retailers upon sales of ~~any goods,~~  
2 26 ~~wares, merchandise, tangible personal property~~ or services  
2 27 furnished to purchasers at the automobile racetrack facility.

2 28 f. ~~Only the state sales tax is subject to rebate.~~

2 29 Notwithstanding the state sales tax imposed in section 423.2,  
2 30 a rebate issued pursuant to this section shall not exceed an

2 31 amount equal to five percent of the sales price of the

2 32 tangible personal property or services furnished to purchasers  
2 33 at the automobile racetrack facility. Any local option taxes

2 34 paid and collected shall not be subject to rebate under this  
2 35 subsection.

3 1 Sec. 8. Section 428.29, Code 2009, is amended to read as  
3 2 follows:

3 3 428.29 ASSESSMENT AND CERTIFICATION.

3 4 ~~The director of revenue shall on the second Monday of July~~  
3 5 ~~of or before October 31~~ each year proceed to determine, upon

3 6 the basis of the data required in such report and any other  
3 7 information the director may obtain, the actual value of all

3 8 property, subject to the director's jurisdiction, of said  
3 9 individual, partnership, corporation, or association, and

3 10 shall make assessments upon the taxable value ~~thereof of the~~  
3 11 property, as provided by section 441.21. The director of

3 12 revenue shall, on or before ~~the third Monday in August~~ October  
3 13 31, certify to the county auditor of every county in the state

3 14 the valuations fixed for assessment upon all such property in  
3 15 each and every taxing district in each county by the

3 16 department of revenue. This valuation shall then be spread  
3 17 upon the books in the same manner as other valuations fixed by

3 18 the department of revenue upon property assessed under the  
3 19 department's jurisdiction.

3 20 Sec. 9. Section 433.4, Code 2009, is amended to read as  
3 21 follows:

3 22 433.4 ASSESSMENT.

3 23 ~~The director of revenue shall on the second Monday in July~~  
3 24 ~~of or before October 31~~ each year, proceed to find the actual

3 25 value of the property of these companies in this state, taking  
3 26 into consideration the information obtained from the

3 27 statements required, and any further information the director  
3 28 can obtain, using the same as a means for determining the

3 29 actual cash value of the property of these companies within  
3 30 this state. The director shall also take into consideration

3 31 the valuation of all property of these companies, including  
3 32 franchises and the use of the property in connection with

3 33 lines outside the state, and making these deductions as may be  
3 34 necessary on account of extra value of property outside the

3 35 state as compared with the value of property in the state, in  
4 1 order that the actual cash value of the property of the

4 2 company within this state may be ascertained. The assessment  
4 3 shall include all property of every kind and character

4 4 whatsoever, real, personal, or mixed, used by the companies in  
4 5 the transaction of telegraph and telephone business; and the

4 6 property so included in the assessment shall not be taxed in  
4 7 any other manner than as provided in this chapter.

4 8 Sec. 10. Section 433.7, Code 2009, is amended to read as  
4 9 follows:

4 10 433.7 HEARING.

4 11 ~~At such meeting in July~~ At the time of determination of  
4 12 value of the director of revenue, any company interested shall

4 13 have the right to appear, by its officers or agents, before  
4 14 the director of revenue and be heard on the question of the

4 15 valuation of its property for taxation.

4 16 Sec. 11. Section 434.2, unnumbered paragraph 1, Code 2009,  
4 17 is amended to read as follows:

4 18 ~~On the second Monday in July of or before October 31~~ each  
4 19 year, the director of revenue shall assess all the property of

4 20 each railway corporation in the state, excepting the lands,  
4 21 lots, and other real estate belonging thereto not used in the

4 22 operation of any railway, and excepting railway bridges across  
4 23 the Mississippi and Missouri rivers, and excepting grain

4 24 elevators; and for the purpose of making such assessment its  
4 25 president, vice president, general manager, general

4 26 superintendent, receiver, or such other officer as the  
4 27 director of revenue may designate, shall, on or before the

4 28 first day of April in each year, furnish the department of  
4 29 revenue a verified statement showing in detail for the year  
4 30 ended December 31 next preceding:

4 31 Sec. 12. Section 434.17, Code 2009, is amended to read as  
4 32 follows:

4 33 434.17 CERTIFICATION TO COUNTY AUDITORS.

4 34 On or before ~~the third Monday in August of~~ October 31 each  
4 35 year, the director of revenue shall transmit to the county  
5 1 auditor of each county, through and into which any railway may  
5 2 extend, a statement showing the length of the main track  
5 3 within the county, and the assessed value per mile of the  
5 4 same, as fixed by a ratable distribution per mile of the  
5 5 assessed valuation of the whole property.

5 6 Sec. 13. Section 437.6, Code 2009, is amended to read as  
5 7 follows:

5 8 437.6 ACTUAL VALUE.

5 9 On ~~the second Monday in July of~~ or before October 31 each  
5 10 year, the director of revenue shall proceed to find the actual  
5 11 value of that part of such transmission line or lines referred  
5 12 to in section 437.2, owned or operated by any company, that is  
5 13 located within this state but outside cities, including the  
5 14 whole of such line or lines when all of such line or lines  
5 15 owned or operated by said company is located wholly outside of  
5 16 cities, taking into consideration the information obtained  
5 17 from the statements required by this chapter, and any further  
5 18 information obtainable, using the same as a means of  
5 19 determining the actual cash value of such transmission line or  
5 20 lines or part thereof, within this state, located outside of  
5 21 cities. The director shall then ascertain the value per mile  
5 22 of such transmission line or lines owned or operated by each  
5 23 company specified in section 437.2, by dividing the total  
5 24 value as above ascertained by the number of miles of line of  
5 25 such company within the state located outside of cities, and  
5 26 the result shall be deemed and held to be the actual value per  
5 27 mile of said transmission line or lines of each of said  
5 28 companies within the state located outside of cities.

5 29 Sec. 14. Section 437A.19, subsection 2, paragraph f,  
5 30 unnumbered paragraph 3, Code 2009, is amended to read as  
5 31 follows:

5 32 The director, on or before ~~August~~ October 31 of each  
5 33 assessment year, shall report to the department of management  
5 34 and to the auditor of each county the adjusted assessed value  
5 35 of taxpayer property as of January 1 of such assessment year  
6 1 for each local taxing district. For purposes of this  
6 2 subsection, the assessed value of taxpayer property in each  
6 3 local taxing district subject to adjustment under this section  
6 4 by the director means the assessed value of such property as  
6 5 of the preceding January 1 as determined and allocated among  
6 6 the local taxing districts by the director.

6 7 Sec. 15. Section 438.14, Code 2009, is amended to read as  
6 8 follows:

6 9 438.14 VALUATION AND CERTIFICATION ~~THEREOF~~.

6 10 The director of revenue shall on or before ~~the third Monday~~  
6 11 ~~in August of~~ October 31 each year determine the value of  
6 12 pipeline property located in each taxing district of the  
6 13 state, and in fixing ~~said~~ the value shall take into  
6 14 consideration the structures, equipment, pumping stations,  
6 15 etc., located in ~~said~~ the taxing district, and shall transmit  
6 16 to the county auditor of each such county through and into  
6 17 which any pipeline may extend, a statement showing the  
6 18 assessed value of ~~said~~ the property in each of the taxing  
6 19 districts of ~~said~~ the county. The ~~said~~ property shall then be  
6 20 taxed in ~~said~~ the county and lesser taxing districts, based  
6 21 upon the valuation so certified, in the same manner as in  
6 22 other property.

6 23 Sec. 16. CODE CHAPTER 423 TITLE RENAMED == CODE EDITOR  
6 24 DIRECTIVE. The Code editor is directed to rename the title of  
6 25 chapter 423 as the "Streamlined Sales and Use Tax Act".

6 26 Sec. 17. RETROACTIVE APPLICABILITY. The section of this  
6 27 Act amending section 422.9 applies retroactively to January 1,  
6 28 2009, for tax years beginning on or after that date.

6 29 EXPLANATION

6 30 This bill relates to the department of revenue's  
6 31 administration of the income taxes, the sales and use taxes,  
6 32 the property tax, and certain fees for new vehicle  
6 33 registrations.

6 34 The bill makes existing Code sections 422.4 and 422.70  
6 35 applicable to the administration of the instructional support  
7 1 income surtax. Code section 422.4 defines certain tax-related  
7 2 terms, and Code section 422.70 relates to certain general  
7 3 powers of the director of the department of revenue and to

7 4 hearings conducted by the department.

7 5 Current law requires the director of revenue to develop  
7 6 forms to be used in the administration of the one-time motor  
7 7 vehicle registration fee imposed by 2008 Iowa Acts, chapter  
7 8 1113. The bill eliminates this requirement and makes  
7 9 conforming changes.

7 10 Current law provides that married persons filing separate  
7 11 returns must both use the standard deduction if either of them  
7 12 uses the standard deduction. The bill provides that married  
7 13 persons filing separately must also both claim itemized  
7 14 deductions if either claims itemized deductions. This  
7 15 provision of the bill is made retroactive to January 1, 2009,  
7 16 for tax years beginning on or after that date.

7 17 Currently, Code section 422.12K contains a reference to the  
7 18 liabilities on the books of the department of revenue, but  
7 19 this reference should be to the department of administrative  
7 20 services. The bill corrects this reference.

7 21 The bill corrects a grammatical error in the definition of  
7 22 "commercial domicile" used for purposes of the business tax on  
7 23 corporations.

7 24 Current law provides for a rebate of the sales tax  
7 25 collected by retailers at certain automobile racetrack  
7 26 facilities to the owner or operator of the automobile  
7 27 racetrack facility. The amount of the rebate is determined by  
7 28 counting only the state sales tax rate. In 2008, the state  
7 29 sales tax rate was increased from 5 percent to 6 percent. The  
7 30 bill provides that, despite the 2008 increase in the sales tax  
7 31 rate, the rebate for sales taxes collected at racetrack  
7 32 facilities cannot exceed 5 percent of the sales price.

7 33 The bill makes October 31 the required yearly completion  
7 34 date for each of the following property tax-related  
7 35 assessments made by the department of revenue: the general  
8 1 property listing required by Code section 428.29, the  
8 2 telephone and telegraph companies tax assessment, the railway  
8 3 companies tax assessment and the related transmission to  
8 4 county auditors, the electric transmission lines tax, the  
8 5 adjusted assessed value determined for purposes of the tax on  
8 6 electricity and natural gas providers, and the pipeline  
8 7 companies tax assessment.

8 8 The bill directs the Code editor to retitle the name of  
8 9 Code chapter 423 to the "Streamlined Sales and Use Tax Act".

8 10 LSB 1421XD 83

8 11 tw/mg:sc/24